

All Funds Summary - Operating

FY 2008 Resources

| | General (110) | Water (210) | Sewer (220) | Refuse (230) | Parking (320) | SWM (330) | RedGate (340) | Spec. Act. (350) | CDBG (360) | TCMF (370) | Speed Camera (380) | Debt Serv. (550) | Total for All Funds |
|---------------------------|------------------|----------------|----------------|-----------------|------------------|--------------|------------------|---------------------|---------------|---------------|--------------------------|---------------------|------------------------|
| Revenue | | | | | | | | | | | | | |
| Taxes | 32,024,080 | - | - | - | 90,000 | - | - | - | - | 721,098 | - | - | 32,835,178 |
| Licenses & Permits | 1,714,500 | - | - | - | - | 300,000 | - | - | - | - | - | - | 2,014,500 |
| From Other Gov't. | 16,107,699 | 20,000 | - | - | 1,904,000 | - | - | - | 684,000 | - | - | - | 18,715,699 |
| Charges for Serv. | 5,539,942 | 4,303,000 | 6,112,000 | 5,410,000 | - | 400,000 | 1,219,173 | 16,000 | - | - | - | - | 23,000,115 |
| Fines & Forfeitures | 774,000 | - | - | - | 386,000 | - | - | - | - | - | 1,684,200 | - | 2,844,200 |
| Use of Money & Prop. | 1,073,812 | 155,000 | 155,000 | 5,000 | 500,000 | 325,000 | - | 6,850 | - | - | - | 540,000 | 2,760,662 |
| Other Revenue | 1,672,872 | - | - | - | - | - | - | 1,066,500 | - | - | - | - | 2,739,372 |
| Total Revenue | 58,906,905 | 4,478,000 | 6,267,000 | 5,415,000 | 2,880,000 | 1,025,000 | 1,219,173 | 1,089,350 | 684,000 | 721,098 | 1,684,200 | 540,000 | 84,909,726 |
| Transfers In | - | 447,000 | - | 60,000 | 950,000 | - | 165,000 | - | - | - | - | 4,905,892 | 6,527,892 |
| Total Resources | 58,906,905 | 4,925,000 | 6,267,000 | 5,475,000 | 3,830,000 | 1,025,000 | 1,384,173 | 1,089,350 | 684,000 | 721,098 | 1,684,200 | 5,445,892 | 91,437,618 |
| Appr. Fund Bal/Net Assets | - | 1,272,244 | - | 186,061 | - | 190,433 | 10,509 | 646,960 | - | - | - | 65,000 | 2,371,207 |
| TOTAL | 58,906,905 | 6,197,244 | 6,267,000 | 5,661,061 | 3,830,000 | 1,215,433 | 1,394,682 | 1,736,310 | 684,000 | 721,098 | 1,684,200 | 5,510,892 | 93,808,825 |

FY 2008 Use of Funds

| | General (110) | Water (210) | Sewer (220) | Refuse (230) | Parking (320) | SWM (330) | RedGate (340) | Spec. Act. (350) | CDBG (360) | TCMF (370) | Speed Camera (380) | Debt Serv. (550) | Total for All Funds |
|-----------------------------|------------------|----------------|----------------|-----------------|------------------|--------------|------------------|---------------------|---------------|---------------|--------------------------|---------------------|------------------------|
| Operating Exp. | | | | | | | | | | | | | |
| Personnel | 35,897,207 | 2,510,571 | 1,275,612 | 2,899,738 | 320,700 | 546,800 | 744,708 | 23,308 | 136,000 | - | 183,100 | - | 44,537,744 |
| Operating | 12,751,016 | 1,711,673 | 2,831,156 | 1,864,223 | 845,440 | 402,833 | 381,438 | 312,920 | 548,000 | 721,098 | 692,312 | 55,000 | 23,117,109 |
| Capital Outlay | 709,378 | 205,500 | - | - | - | 1,500 | 83,736 | 971,173 | - | - | - | - | 1,971,287 |
| Administrative | - | 418,000 | 233,800 | 441,800 | 82,400 | 149,300 | 92,200 | - | - | - | - | - | 1,417,500 |
| Other | 1,103,410 | 1,009,500 | 918,000 | 324,100 | 1,104,100 | 115,000 | 80,100 | 428,909 | - | - | - | 10,000 | 5,093,119 |
| Total Operating Exp. | 50,461,011 | 5,855,244 | 5,258,568 | 5,529,861 | 2,352,640 | 1,215,433 | 1,382,182 | 1,736,310 | 684,000 | 721,098 | 875,412 | 65,000 | 76,136,759 |
| Other Uses of Funds | | | | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | - | - | 4,033,922 | 4,033,922 |
| Interest | - | 342,000 | 539,000 | 13,800 | 1,468,900 | - | 12,500 | - | - | - | - | 1,411,970 | 3,788,170 |
| Capital Improvements | 2,365,002 | - | - | - | - | - | - | - | - | - | - | - | 2,365,002 |
| Transfers Out | 6,080,892 | - | 329,600 | 117,400 | - | - | - | - | - | - | - | - | 6,527,892 |
| Total Other Uses | 8,445,894 | 342,000 | 868,600 | 131,200 | 1,468,900 | - | 12,500 | - | - | - | - | 5,445,892 | 16,714,986 |
| Total Use of Funds | 58,906,905 | 6,197,244 | 6,127,168 | 5,661,061 | 3,821,540 | 1,215,433 | 1,394,682 | 1,736,310 | 684,000 | 721,098 | 875,412 | 5,510,892 | 92,851,745 |
| Add. Fund Bal/Net Assets | - | - | 139,832 | - | 8,460 | - | - | - | - | - | 808,788 | - | 957,080 |
| TOTAL | 58,906,905 | 6,197,244 | 6,267,000 | 5,661,061 | 3,830,000 | 1,215,433 | 1,394,682 | 1,736,310 | 684,000 | 721,098 | 1,684,200 | 5,510,892 | 93,808,825 |

All Funds Summary - Capital Improvements Program (CIP)

The Capital Improvements Program (CIP) is the City's capital investment plan for the next five-years. The CIP is both a fiscal and planning device that allows the City to inventory and monitor capital project costs, funding sources, departmental responsibilities, and timing schedules. Each year the CIP is reviewed in the context of ongoing City, County, State, and Federal planning programs and policies as well as the City's Master Plan. Items included within the CIP are usually defined within one of the following six categories:

1. The acquisition of land for a public purpose.
2. The construction of a significant facility, i.e., a building or a road, or the addition to or extension of an existing facility.
3. Nonrecurring rehabilitation or major repair to all or part of a facility provided the total cost per fiscal year is more than \$100,000.
4. Any specific planning, engineering study, or design work related to an individual project falling within the above three categories.
5. Any long-term project funded through a grant where the establishment of a CIP project is a condition of the grant.
6. A significant one-time investment in tangible goods of any nature, the benefit of which will accrue over a multi-year period over \$100,000.

The CIP is divided into five program areas for FY08 as shown below. These program areas focus on supporting the Mayor and Council's goals as outlined in Section 2 Policies and Goals.

| Program Area | New Approps. |
|----------------------|-------------------|
| Recreation and Parks | 4,468,612 |
| Transportation | 6,684,531 |
| Water Resources | 1,493,000 |
| Utilities | 5,980,700 |
| General Government | 7,181,706 |
| Total | 25,808,549 |

New Funding Sources

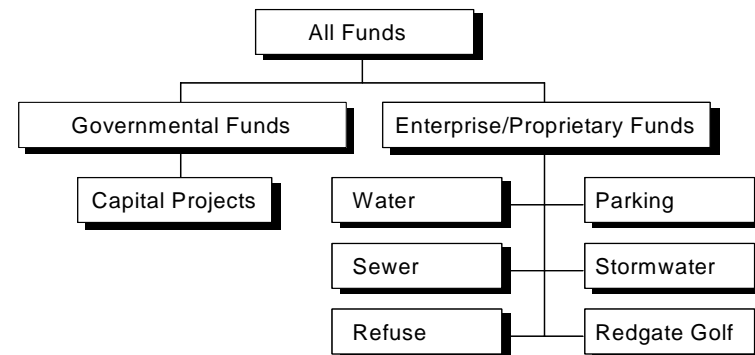
| Revenue Types | Cap. Proj. (420) | Water (210) | Sewer (220) | Refuse (230) | Parking (320) | SWM (330) | RedGate (340) | Total for All Funds |
|--------------------------------------------|---------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------------|
| Pay-as-you-go (transfer from General Fund) | 5,527,202 | 986,145 | 1,083,445 | 249,845 | - | 1,443,000 | 165,000 | 9,454,637 |
| Bond Proceeds | 8,000,000 | 750,000 | 3,248,000 | - | - | - | - | 11,998,000 |
| Developer Contributions | 399,531 | - | - | - | - | - | - | 399,531 |
| State and Federal Grants | 3,345,000 | - | - | - | - | - | - | 3,345,000 |
| Other | 611,381 | - | - | - | - | - | - | 611,381 |
| TOTAL New CIP Funds | 17,883,114 | 1,736,145 | 4,331,445 | 249,845 | - | 1,443,000 | 165,000 | 25,808,549 |

FY 2008 - FY 2012 Operating Cost Impacts by Fund

Most capital projects affect future operating budgets due to an increase or decrease in maintenance costs or by providing capacity for new programs to be offered. Such impacts vary widely by project and are evaluated individually while assessing the project's feasibility. Figures are listed on the project sheets in the CIP budget (separate book), to demonstrate the operating cost impact of a project. The following chart lists the total operating cost impacts, by fund and fiscal year, that will be added to the City's operating budget.

| Fund | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 |
|--------------|----------------|------------------|------------------|------------------|------------------|
| General | 660,500 | 1,292,444 | 1,740,817 | 1,879,268 | 2,115,098 |
| Water | 140,100 | 145,500 | 160,500 | 160,500 | 165,500 |
| Sewer | 800 | 5,800 | 5,800 | 5,800 | 5,800 |
| Refuse | 2,850 | 1,950 | 1,950 | 1,950 | 1,950 |
| SWM | 2,500 | 6,000 | 6,000 | 11,000 | 11,000 |
| Total | 806,750 | 1,451,694 | 1,915,067 | 2,058,518 | 2,299,348 |

FY 2008 - FY 2012 CIP Fund Accounts



All Funds Summary - Operating

The tables below offer a history of revenues and expenditures for all of the City's operating funds.

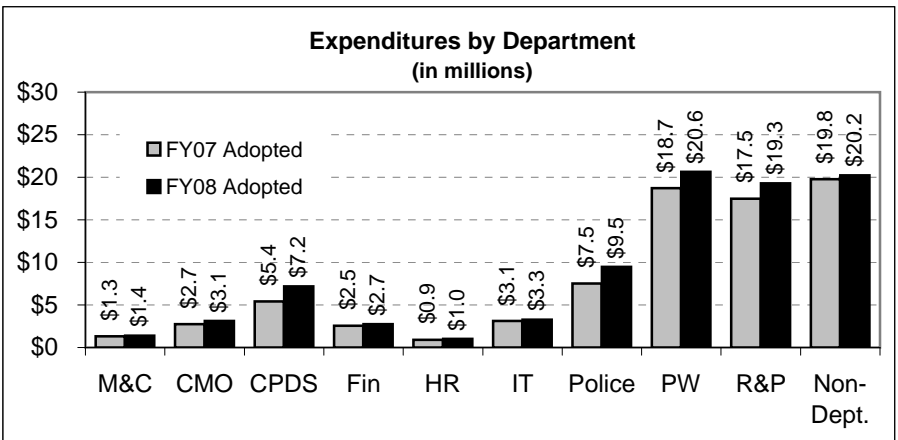
| All Funds Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------------|-------------------|-------------------|-------------------|-------------|
| Taxes | 28,513,927 | 30,860,000 | 32,835,178 | 6.4% |
| Licenses & Permits | 2,098,132 | 2,109,000 | 2,014,500 | -4.5% |
| Other Governments | 17,023,106 | 16,868,600 | 18,715,699 | 10.9% |
| Charges for Services | 20,849,411 | 21,443,362 | 23,000,115 | 7.3% |
| Fines and Forfeitures | 1,196,365 | 1,194,000 | 2,844,200 | 138.2% |
| Use of Money & Prop. | 3,728,159 | 1,616,040 | 2,760,662 | 70.8% |
| Other / Transfers In | 7,667,288 | 8,991,060 | 9,267,264 | 3.1% |
| Appropriated Fund Balance / Net Assets | - | 2,587,073 | 2,371,207 | -8.3% |
| Total | 81,076,388 | 85,669,135 | 93,808,825 | 9.5% |

| All Funds Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------------------|-------------------|-------------------|-------------------|--------------|
| Personnel | 38,030,917 | 42,213,140 | 44,537,744 | 5.5% |
| Operating | 15,801,790 | 19,434,045 | 23,062,109 | 18.7% |
| Capital Outlay | 1,001,557 | 877,508 | 1,971,287 | 124.6% |
| Administrative | 1,590,275 | 1,376,500 | 1,417,500 | 3.0% |
| Other / Transfers Out | 3,578,945 | 5,504,018 | 6,705,119 | 21.8% |
| Transfer to CIP | 6,107,286 | 1,812,824 | 2,365,002 | 30.5% |
| Addition to Fund Balance / Net Assets | - | 250,000 | 957,080 | 282.8% |
| Debt Service | 6,743,531 | 8,090,300 | 7,282,092 | -10.0% |
| Subtotal | 72,854,301 | 79,558,335 | 88,297,933 | 11.0% |
| Debt Service Fund | 18,273,187 | 6,110,800 | 5,510,892 | -9.8% |
| Total | 91,127,488 | 85,669,135 | 93,808,825 | 9.5% |

The table below summarizes expenditures by department, for all funds combined.

| Expenditures by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------|-------------------|-------------------|-------------------|--------------|
| Mayor and Council | 1,323,743 | 1,308,368 | 1,389,543 | 6.2% |
| City Manager | 2,678,674 | 2,741,321 | 3,116,926 | 13.7% |
| CPDS | 3,860,774 | 5,414,822 | 7,184,377 | 32.7% |
| Community Services | 1,016,004 | N/A | N/A | N/A |
| Finance | 2,552,110 | 2,542,950 | 2,726,005 | 7.2% |
| Human Resources | 891,214 | 909,516 | 1,017,534 | 11.9% |
| Information and Tech. | 2,810,877 | 3,135,659 | 3,266,938 | 4.2% |
| Police | 6,751,001 | 7,517,318 | 9,455,841 | 25.8% |
| Public Works | 16,034,884 | 18,731,631 | 20,644,809 | 10.2% |
| Recreation & Parks | 14,807,059 | 17,468,036 | 19,283,496 | 10.4% |
| Non-departmental | 20,127,961 | 19,788,714 | 20,212,464 | 2.1% |
| Subtotal | 72,854,302 | 79,558,335 | 88,297,933 | 11.0% |
| Debt Service Fund * | 18,273,187 | 6,110,800 | 5,510,892 | -9.8% |
| Total | 91,127,489 | 85,669,135 | 93,808,825 | 9.5% |

* The Debt Service Fund receives transfers from other funds to pay off general obligation bonds. Since these transfers are already listed as Debt Service expenditures within originating funds, there is a double-counting effect when the Debt Service Fund records the same expenditures. For this reason, the Debt Service Fund is isolated.

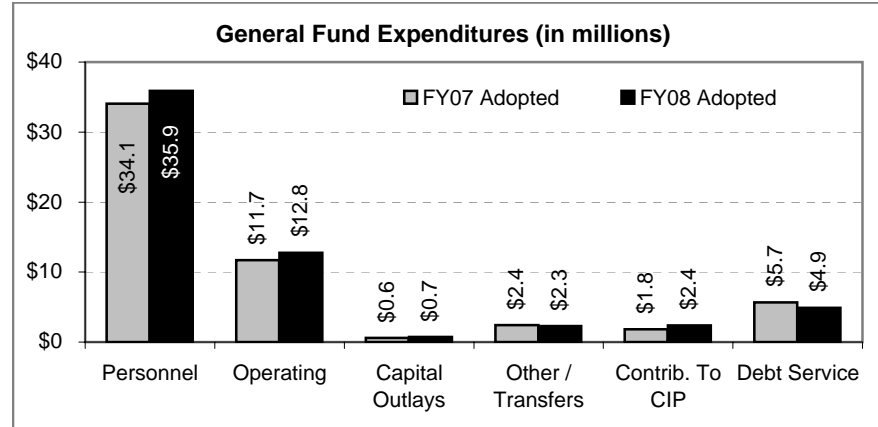


General Fund Summary

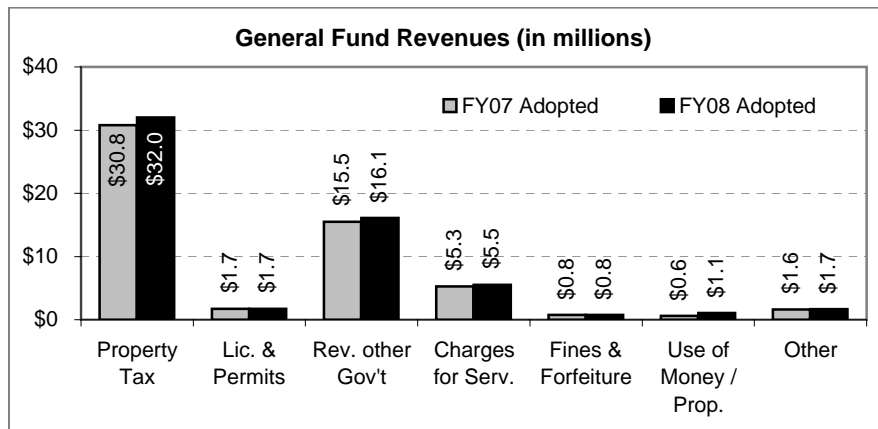
The General Fund is the primary operating fund of the City and is used to account for the City's normal activities. Many of the City administrative functions are supported through this fund. The major revenue sources for the General Fund are property taxes, income taxes, gasoline and motor vehicle taxes, tax duplication payments from Montgomery County, and charges or user fees for services.

| Expenditures by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------|-------------------|-------------------|-------------------|-------------|
| Mayor and Council | 1,320,365 | 1,278,368 | 1,359,543 | 6.3% |
| City Manager | 2,678,674 | 2,741,321 | 3,116,926 | 13.7% |
| CPDS | 3,526,755 | 4,465,167 | 4,685,027 | 4.9% |
| Community Services | 965,965 | N/A | N/A | N/A |
| Finance | 1,658,030 | 1,832,428 | 1,914,805 | 4.5% |
| Human Resources | 891,214 | 909,516 | 1,017,534 | 11.9% |
| Information and Tech. | 2,810,877 | 3,135,659 | 3,266,938 | 4.2% |
| Police | 6,662,819 | 7,191,131 | 8,266,077 | 14.9% |
| Public Works | 5,253,643 | 6,407,236 | 6,635,945 | 3.6% |
| Recreation & Parks | 13,789,000 | 15,879,314 | 17,620,726 | 11.0% |
| Non-departmental | 14,464,392 | 12,403,015 | 11,023,384 | -11.1% |
| Total | 54,021,734 | 56,243,155 | 58,906,905 | 4.7% |

| Expenditures by Type | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------|-------------------|-------------------|-------------------|-------------|
| Salaries | 24,140,196 | 25,919,159 | 27,379,925 | 5.6% |
| Benefits | 6,301,419 | 7,508,761 | 7,730,006 | 2.9% |
| Overtime | 638,225 | 646,429 | 787,276 | 21.8% |
| Personnel Subtotal | 31,079,840 | 34,074,349 | 35,897,207 | 5.3% |
| Contractual Services | 5,979,042 | 7,079,902 | 7,948,259 | 12.3% |
| Commodities | 3,777,052 | 4,602,285 | 4,802,757 | 4.4% |
| Operating Subtotal | 9,756,095 | 11,682,187 | 12,751,016 | 9.1% |
| Capital Outlay | 620,675 | 584,636 | 709,378 | 21.3% |
| Other / Transfer | 1,074,727 | 2,438,359 | 2,278,410 | -6.6% |
| Contribution to CIP | 6,107,286 | 1,812,824 | 2,365,002 | 30.5% |
| Debt Service | 5,383,112 | 5,650,800 | 4,905,892 | -13.2% |
| Total | 54,021,734 | 56,243,155 | 58,906,905 | 4.7% |



| General Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|-------------------|-------------------|-------------------|-------------|
| Property Taxes | 28,513,927 | 30,770,000 | 32,024,080 | 4.1% |
| Licenses and Permits | 1,778,686 | 1,709,000 | 1,714,500 | 0.3% |
| Rev. from Other Gov't. | 16,529,228 | 15,512,100 | 16,107,699 | 3.8% |
| Charges for Services | 5,399,748 | 5,253,855 | 5,539,942 | 5.4% |
| Fines and Forfeitures | 812,194 | 784,000 | 774,000 | -1.3% |
| Use of Money / Property | 1,368,809 | 608,200 | 1,073,812 | 76.6% |
| Other Revenue | 1,707,351 | 1,606,000 | 1,672,872 | 4.2% |
| Total | 56,109,943 | 56,243,155 | 58,906,905 | 4.7% |



General Fund Revenues, Detail of Major Revenue Sources

Property Taxes - General

This category of revenue consists of taxes on the assessed value of real estate (including land and structures on the land) and taxes on the assessed value of personal property (inventory, furniture, and fixtures of business establishments). The tax rate is the amount levied per \$100 of assessed value, as determined by the State of Maryland Department of Assessments and Taxation. The Mayor and Council establish the tax rate each year in order to finance General Fund activities. In FY08, property taxes are budgeted to constitute approximately 54 percent of the City's General Fund budget.

The assessable base of all taxable property fluctuates because of changes to the fair cash value of the existing base or because of the addition of new residential or commercial properties. The current projected increase in the tax base is fueled by a combination of development activities and reassessments of existing property.

Real Property Tax

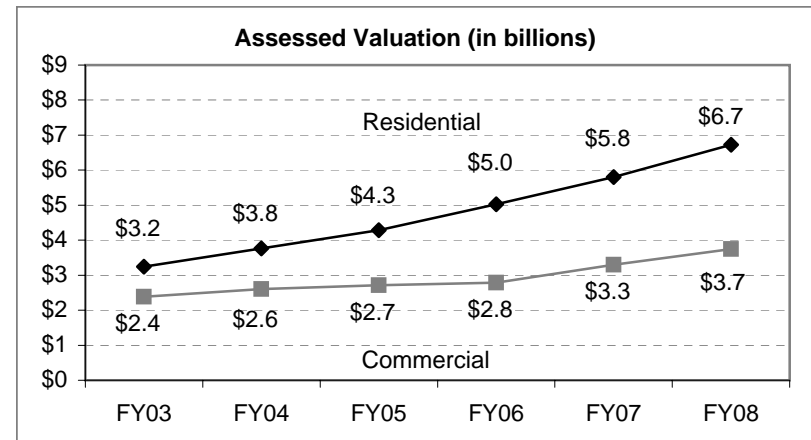
The City of Rockville's adopted real property tax rate for FY08 was reduced by one cent from \$0.312 to \$0.302 for every \$100 of assessed value. The State Department of Assessments and Taxation (SDAT) reassesses real property every three years, and tax bills are based on those assessments. For homeowners, any increase to assessed value is phased in equally over a three-year period, and the resulting increase in the property tax bill is capped at ten percent.

History of Assessed Value of Real Property

| Fiscal Year | Assessed Value | % Change |
|-----------------|----------------|----------|
| FY03 Actual | 5,921,959,542 | 10.4% |
| FY04 Actual | 6,312,353,479 | 6.6% |
| FY05 Actual | 7,193,741,551 | 14.0% |
| FY06 Actual | 7,539,816,746 | 4.8% |
| FY07 Estimate * | 9,246,000,000 | 22.6% |
| FY08 Estimate * | 10,454,990,000 | 13.1% |

* Estimates are based on assessed value as billed, which is limited by exemptions, the three-year phase-in, and the homestead tax credit.

In Maryland law, the constant yield tax rate is defined as the property tax rate that would yield the same tax revenue as the previous year, not including new construction. When assessments increase and the tax rate remains unchanged, property tax revenue increases. The constant yield rate is the rate that would offset the increase in tax revenue that results from the increase in assessed value. For FY08, the constant yield rate is calculated to be \$0.278 per \$100 of assessed value, or \$0.024 below the adopted property tax rate. The difference equates to \$2.5 million in property tax revenue resulting from increased home values. In accordance with Maryland law, the constant yield rate was advertised and hearings were held prior to budget adoption.



Assumptions:

The adopted FY08 budget for taxes on real property is based on the following information sources and assumptions:

- The calculation of the assessed value begins with an estimate prepared by SDAT of the assessed value of all real property that will be on the tax rolls as of the beginning of FY08, based on assessments conducted as of January 1, 2007.
- The City adds its estimate of the value of residential and commercial development that would be completed and assessed during the remainder of FY07 and throughout FY08.
- The revenue estimate is based on multiplying the assessed value by the tax rate, taking into consideration when new property is levied, the impact of appeals and late payments, and the possibility of less than anticipated growth.

General Fund Revenues, Detail of Major Revenue Sources

Personal Property Tax

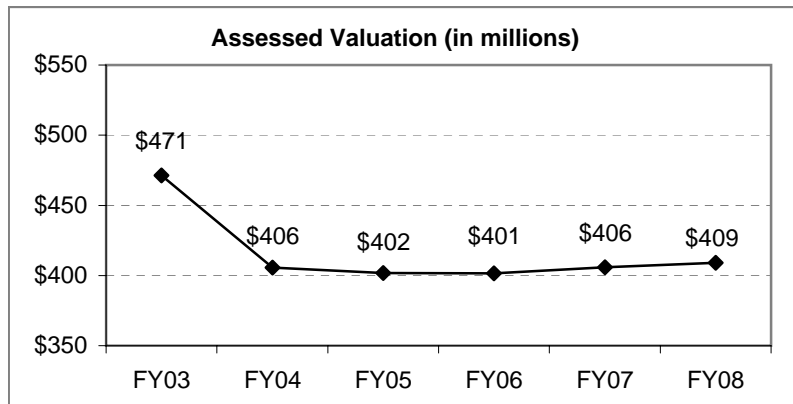
The City of Rockville's adopted FY08 Personal Property tax rate remains unchanged at \$0.805 cents per \$100 of assessed value. In accordance with Maryland law, the personal property tax only applies to businesses. The City has enacted the following exemptions from personal property tax: (1) 82% of the value of commercial inventory; (2) 82% of the value of manufacturing or research and development inventory; and (3) 100% of the value of manufacturing or research and development machinery.

There is limited growth in the assessed value of personal property in the City of Rockville due to the number of businesses that focus on technology. Computers and other types of high tech equipment depreciate more rapidly leading to slower growth in the overall assessed value for commercial property.

History of Assessed Value of Personal Property

| Fiscal Year | Assessed Value | % Change |
|-----------------|----------------|----------|
| FY03 Actual | 471,400,091 | -0.9% |
| FY04 Actual | 405,552,350 | -14.0% |
| FY05 Actual | 401,877,050 | -0.9% |
| FY06 Actual | 401,458,510 | -0.1% |
| FY07 Estimate * | 405,980,897 | 1.1% |
| FY08 Estimate * | 409,147,000 | 0.8% |

* The FY07 and FY08 estimates are based on assessments from SDAT. The impact of appeals, late payments, and the collection rate is taken into consideration in the estimates.



Real Property Tax Credit

The combined property tax receipts for FY08 are expected to amount to \$32,024,080, which is a 4.1 percent increase from the FY07 adopted budget. The real property tax revenue of \$28,754,080 includes a \$100 one-time credit for each owner-occupied residential property. Under Maryland law, the City of Rockville may grant a real property tax credit that offsets increased income tax revenue. Increased income tax revenue is defined as revenue above what would be collected if the income tax rate were 2.6 percent. The income tax rate for Montgomery County is 3.2 percent allowing for a maximum credit of \$102 per owner-occupied residential property in the City of Rockville. With the adopted \$100 credit, the City is providing approximately \$1,527,400 in this type of tax relief for FY08. A one-time credit provides flexibility to the Mayor and Council by enabling them to review the program annually and make decisions based on the overall financial picture and resource availability of the City.

Property Tax Revenue Summary

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------|
| Real Property Tax - Revenues from taxes on assessed value of real estate including land, structures, and improvements | 25,477,169 | 27,500,000 | 28,754,080 | 4.6% |
| Personal Property Corporations - Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of incorporated businesses | 3,095,737 | 3,150,000 | 3,150,000 | 0.0% |
| Personal Property Unincorporated Businesses - Revenue from taxes on assessed valuation of inventory, furnishings, and fixtures of unincorporated businesses | 55,281 | 35,000 | 35,000 | 0.0% |
| Interest on Taxes - Interest on delinquent taxes | (114,260) | 85,000 | 85,000 | 0.0% |
| | 28,513,927 | 30,770,000 | 32,024,080 | 4.1% |

General Fund Revenues, Detail of Major Revenue Sources

Revenue From Other Governments

Income Tax

Income tax revenue consists of the City's share of income taxes received by the State of Maryland for returns filed from Rockville. Maryland counties are able to impose an income tax that is separate from the State income tax. According to Maryland law, municipalities receive 17 percent of county income tax collected within the municipality. Montgomery County's income tax rate is currently 3.2 percent.

There has been reasonable growth in income tax receipts in the past few years due to the City's population growth. The estimated actual FY07 income tax revenue is approximately \$8.5 million. The City anticipates that this moderate growth trend will continue into FY08. The income tax is the second largest source of revenue to the General Fund, constituting 14.1 percent of the overall budget.

History of Income Tax Revenue

| Fiscal Year | Income Tax Revenue * | % Change |
|--------------|----------------------|----------|
| FY03 Actual | 6,281,463 | -2.9% |
| FY04 Actual | 7,019,049 | 11.7% |
| FY05 Actual | 7,874,409 | 12.2% |
| FY06 Actual | 9,035,343 | 14.7% |
| FY07 Adopted | 7,700,000 | -14.8% |
| FY08 Adopted | 8,300,000 | 7.8% |

* Capital gains and losses reported on income tax returns can cause major variations from one year to the next.

Highway User

Highway user revenue is the City's share of gasoline tax and vehicle registrations collected by the state. The highway user revenue was reduced from the FY07 to the FY08 budget based on a Maryland State Highway Administration (SHA) estimate. SHA estimates FY07 revenues at \$3.27 million based on registration and mileage figures. The FY08 budget assumes \$3.2 million in revenue because the City does not anticipate a material change in these figures.

Tax Duplication

This is revenue received from Montgomery County as a partial reimbursement for tax duplication. Several factors, such as number of street lights and number of streets maintained by the City, determines what the City receives each year. As indicated by Montgomery County, the City should assume the same amount of revenue for FY08 as received in FY07. The County is currently working on a new plan to determine the amount of tax duplication that municipalities will receive.

Revenue from Other Governments Summary

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------|
| Income Tax | 9,035,343 | 7,700,000 | 8,300,000 | 7.8% |
| Highway User | 3,097,689 | 3,400,000 | 3,200,000 | -5.9% |
| Tax Duplication | 2,131,796 | 2,228,400 | 2,228,449 | 0.0% |
| Police Protection Grant - State and Federal funds for police protection | 596,981 | 562,000 | 620,000 | 10.3% |
| State Grant - State funds for Victim Advocate and Homeland Security efforts | 4,427 | 9,400 | 9,400 | 0.0% |
| County Grant - Linkages to Learning | 180,644 | 181,500 | 181,575 | 0.0% |
| Youth and Family Services Grant - County and State payments for youth services | 85,167 | 101,800 | 100,815 | -1.0% |
| Recreation Grants | 33,227 | 31,000 | 31,000 | 0.0% |
| Admissions and Amusements Receipts - Taxes on admissions are returned to municipalities by the State | 883,793 | 800,000 | 800,000 | 0.0% |
| Traffic Signal Maintenance Reimbursement - from the State for maintenance | 16,234 | 5,000 | 5,000 | 0.0% |
| Cable Franchise Fees - City's share of Montgomery County's cable franchise fee and cable operating grant | 432,409 | 480,000 | 517,960 | 7.9% |
| Payment in Lieu of Taxes - Revenue from Montgomery County in lieu of financial corporation taxes | 13,265 | 13,000 | 13,000 | 0.0% |
| Miscellaneous Grants * | 18,253 | - | 100,500 | N/A |
| | 16,529,228 | 15,512,100 | 16,107,699 | 3.8% |

* In the adopted FY 2008 budget, \$90,500 of Miscellaneous Grants is from a one-time Federal Safe Routes To School Grant.

General Fund Revenues, Detail of Major Revenue Sources

Licenses and Permits

Building permit receipts, the largest revenue source in this category, are not increasing due to the stabilization of development activity. The FY08 budget is based on estimated development during the fiscal year.

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|-------------|
| Traders Licenses - Fees collected from local businesses by the State and returned to the City | 98,926 | 100,000 | 100,000 | 0.0% |
| Building Permits - Revenue from permits issued for building construction, electrical work, plumbing, sewer, water, and gas | 1,031,987 | 1,100,000 | 1,100,000 | 0.0% |
| Rental Licenses - Licensing fee for the annual unit inspection of single-family dwellings | 498,473 | 410,000 | 410,000 | 0.0% |
| Animal Licenses - Revenue from the sale of dog / cat licenses to owners within the City | 22,884 | 17,000 | 22,500 | 32.4% |
| Other Non-Business Licenses - Revenue from the issuance of other local licenses / permits | 126,416 | 82,000 | 82,000 | 0.0% |
| | 1,778,686 | 1,709,000 | 1,714,500 | 0.3% |

Charges for Services

Revenues in this category come from charges to users who individually benefit from a particular service offered by the City. Recreation program fees, revenues from various recreation programs and classes, are 9.4% higher than the FY07 adopted figure and the largest revenue source in this category.

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|------------------------------------------------------------------------------------------|----------------|-----------------|-----------------|-------------|
| Recreation Program Fees | 2,496,250 | 2,475,255 | 2,708,467 | 9.4% |
| Zoning Fees | 158,654 | 135,000 | 108,000 | -20.0% |
| Community Support Police - charges for community requests for police at community events | 70,745 | 52,000 | 72,000 | 38.5% |
| Sale of Materials - revenues from City publications | 16,768 | 15,000 | 15,000 | 0.0% |
| Fire Safety Fees - Revenue from fire inspection / permits | 173,485 | 120,000 | 120,000 | 0.0% |

FY2008 Adopted Operating Budget

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-----------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|-------------|
| Fire Review Fees - Revenue from fire codes plans review | 52,784 | 36,000 | 36,000 | 0.0% |
| Public Works Permits - Fees paid by contractors for design review / inspection services for work within rights-of-way | 285,455 | 200,000 | 150,000 | -25.0% |
| Swim Team Dues - Fees paid for the RMSC swim team | 238,063 | 245,000 | 275,000 | 12.2% |
| Rec. Membership Fees - Fees paid for memberships to recreation and swim centers | 513,571 | 523,500 | 533,850 | 2.0% |
| Recreation and Parks Concessions - Revenue received from concessions at City facilities | 16,163 | 13,000 | 14,500 | 11.5% |
| Facility Rental Fees - Revenue received from the rental of City facilities | 624,379 | 637,200 | 715,185 | 12.2% |
| Social Services Fees - Social services fees at the Senior Center | 25,305 | 25,300 | 25,300 | 0.0% |
| Special Events Fees - Corporate sponsorship of City events | 45,132 | 20,000 | 20,000 | 0.0% |
| Rec. Theme Park Tickets - Revenue from sale of tickets to area theme parks through MD Rec. and Parks Assoc. | 122,158 | 140,000 | 140,000 | 0.0% |
| F. Scott Fitzgerald Theatre Tickets - Revenue received from theater ticket sales | 289,209 | 308,200 | 308,200 | 0.0% |
| Internal City Use of Facilities - Revenue received from the use of City facilities by City programs and events | 21,644 | 25,700 | 25,740 | 0.2% |
| Pool Merchandise Sales - Revenue received from merchandise sold at Swim Ctr | 2,771 | 2,700 | 2,700 | 0.0% |
| Pool Admission Charges - Revenue received from admissions to the Swim Ctr | 247,212 | 280,000 | 270,000 | -3.6% |
| | 5,399,748 | 5,253,855 | 5,539,942 | 5.4% |

City of Rockville, Maryland

General Fund Revenues, Detail of Major Revenue Sources

Fines and Forfeitures

Revenues received from red light camera infractions make up most of this category. The revenues from the red light camera citations cover the total cost to operate the program. Revenues from red light cameras are estimated at the same level in FY08 as in FY07.

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------------------------------------------------------|----------------|-----------------|-----------------|--------------|
| Municipal Infractions - Revenues received from fines for municipal infractions | 14,558 | 25,000 | 15,000 | -40.0% |
| Red Light Camera Revenue - Revenue received from fines for red light infractions | 782,238 | 750,000 | 750,000 | 0.0% |
| Confiscated Funds - Items seized by City Police during commission of a crime | 15,398 | 9,000 | 9,000 | 0.0% |
| | 812,194 | 784,000 | 774,000 | -1.3% |

Use of Money and Property

Interest earnings, the largest revenue source in this category, is projected to double for FY08 as compared to FY07 due to higher short-term rates and diversity of investment vehicles.

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-----------------------------------------------------------------------------------------------|------------------|-----------------|------------------|--------------|
| Interest Earnings - Interest received from the investment of City funds | 1,222,694 | 450,000 | 900,000 | 100.0% |
| Returned Check Fee | 375 | 200 | 200 | 0.0% |
| Land Rental - Revenue from telecommunications companies for monopolies on City-owned property | 118,199 | 110,000 | 127,962 | 16.3% |
| Building Rental - Revenue from the rental of City-owned buildings located on the King Farm | 27,541 | 48,000 | 45,650 | -4.9% |
| | 1,368,809 | 608,200 | 1,073,812 | 76.6% |

Other Revenue / Administrative Charges

Proceeds from the auction of used vehicles vary from year to year depending primarily on the number of vehicles being replaced. This same fluctuation pattern is evident for other miscellaneous revenues. This revenue category also includes charges to enterprise funds for centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer into the General Fund.

| | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------------------------------------------------------------------------------|------------------|------------------|------------------|-------------|
| Sale of Vehicles - Proceeds from the vehicle auction | 45,698 | 60,000 | 60,000 | 0.0% |
| Misc. Revenues - Revenues not categorized elsewhere | 151,753 | 67,000 | 97,000 | 44.8% |
| Community Contribution - Contributions from individuals and groups to sponsor specific programs | 85,337 | 81,500 | 77,372 | -5.1% |
| Other Grant Revenue - Mid-year anticipated grant revenue (undesignated) | - | 20,000 | 20,000 | 0.0% |
| Recreation Fees (Swim) | 971 | 1,000 | 1,000 | 0.0% |
| Water Facility Fund Administrative Charge | 394,099 | 406,000 | 418,000 | 3.0% |
| Sewer Fund Administrative Charge | 220,201 | 227,000 | 233,800 | 3.0% |
| Refuse Fund Administrative Charge | 416,729 | 429,000 | 441,800 | 3.0% |
| RedGate Golf Course Fund Administrative Charge * | 173,380 | 89,500 | 92,200 | 3.0% |
| Stormwater Management Fund Administrative Charge | 141,160 | 145,000 | 149,300 | 3.0% |
| Parking Fund Administrative Charge | 78,023 | 80,000 | 82,400 | 3.0% |
| | 1,707,351 | 1,606,000 | 1,672,872 | 4.2% |

* A study that analyzed the financial situation of the golf course was presented to the Mayor and Council in March 2006. To address the deficit in the Fund, the administrative charge was reduced by 50 percent starting in FY07, marketing efforts were intensified, and there are capital improvements currently being made to the course.

Enterprise Funds - Water Facility Fund

Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the cost of expenses, including both operations and capital, are financed or recovered primarily through user charges. The City of Rockville has designated the following operations as enterprise funds: Water Facility, Sewer, Refuse, Parking, Stormwater Management (SWM), and RedGate Golf Course. These funds pay an administration charge to the General Fund to cover indirect costs. All enterprise funds are summarized below and on the pages that follow.

Water Facility Fund

The Water Facility Fund is used to account for all financial activity associated with the treatment and distribution of potable water. The City provides water service to approximately 12,500 customers within the City limits.

The FY08 budget is based on the results of the Water and Sewer Rate Study from March 2006. This study recommended that the City use a three-tiered water rate structure: \$1.78 per 1,000 gallons for the first 12,000 gallons used in the quarter, \$2.56 per 1,000 gallons for the next 12,000 gallons used in the quarter, and \$2.75 per 1,000 gallons for usage beyond 24,000 gallons. In addition, the study recommended that the City include a ready-to-serve charge that is split equally between the Water and Sewer Funds. The amount of the charge is based on the size of the water meter and ranges from \$6.00 to \$720.00 per quarter. The study anticipates that the charges will assist the City in formally establishing reserve funds for operating and maintenance as well as repair, renewal, and rehabilitation of the water system.

The Water Fund's FY08 budget will use approximately \$1.3 million of net assets. This is a deficit and indicates the need for additional revenue. The rate study's 10-year financial projection, which anticipates rate increases in coming years, shows that operations will require the use of net assets through FY10.

Revenue projections for utility charges are based upon the City's growth forecast regarding development, potential development and significant infill projects planned for future years. The number of planned and current water accounts is multiplied by the estimated rates for the fund. The Water Facility Fund is projecting operating water revenues for FY08 of \$4.6 million. Note that operating revenue is net of connection charges, interest income, and appropriated net assets.

The City is in the process of completing a Water Distribution Study which includes a hydraulic analysis, leakage survey, and fire flow analysis for the City's public water distribution system. The results of this study will likely reflect additional capital spending that will impact the future water rates.

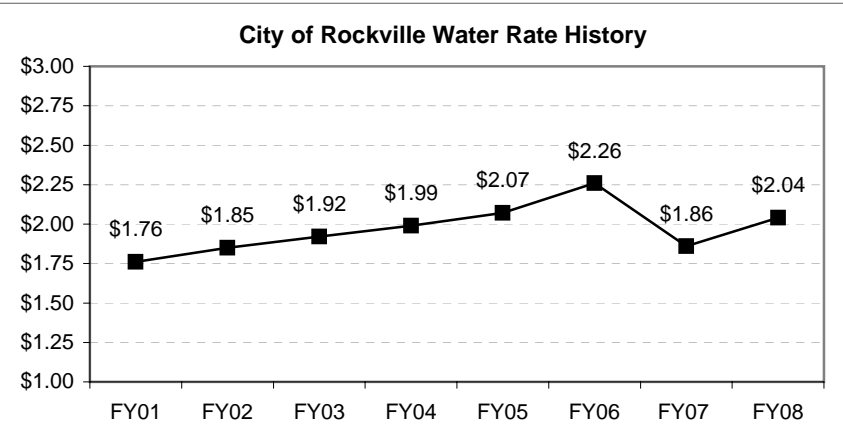
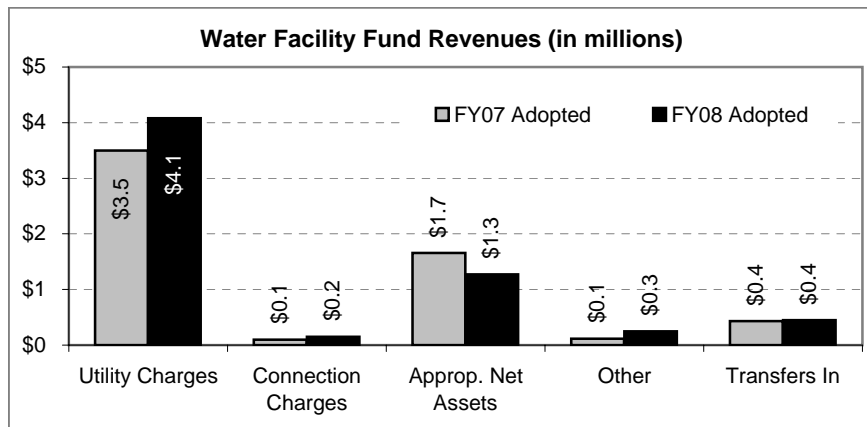
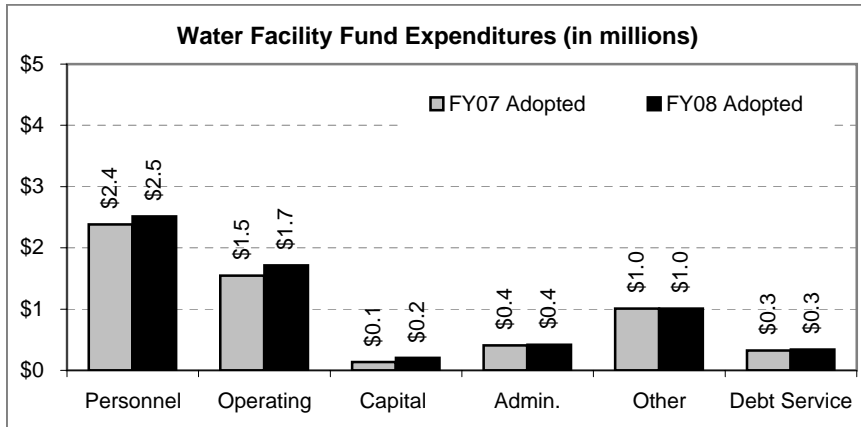
| Water Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-----------------------|------------------|------------------|------------------|-------------|
| Sales of Materials | 46,975 | 50,000 | 50,000 | 0.0% |
| Utility Charges | 3,329,221 | 3,500,000 | 4,078,000 | 16.5% |
| Penalties | 27,639 | 25,000 | 25,000 | 0.0% |
| Transfer From Sewer | 312,057 | 320,000 | 329,600 | 3.0% |
| Transfer From Refuse | 110,300 | 114,000 | 117,400 | 3.0% |
| Bay Admin. Fee* | 9,870 | 5,000 | 20,000 | 300.0% |
| Premium on Bonds Sold | 3,528 | - | - | N/A |
| Misc. Revenue | 2,175 | - | - | N/A |
| Connection Charges | 117,200 | 100,000 | 150,000 | 50.0% |
| Interest Income | 135,087 | 35,000 | 155,000 | 342.9% |
| Approp. Net Assets | - | 1,659,098 | 1,272,244 | -23.3% |
| Total | 4,094,052 | 5,808,098 | 6,197,244 | 6.7% |

* Pass through to the State.

| Water Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|------------------|------------------|------------------|-------------|
| Salaries | 1,583,821 | 1,730,844 | 1,796,400 | 3.8% |
| Benefits | 473,752 | 523,001 | 584,100 | 11.7% |
| Overtime | 130,421 | 130,286 | 130,071 | -0.2% |
| Personnel Subtotal | 2,187,994 | 2,384,131 | 2,510,571 | 5.3% |
| Contractual Services | 565,822 | 369,628 | 356,901 | -3.4% |
| Commodities | 785,392 | 1,178,339 | 1,354,772 | 15.0% |
| Operating Subtotal | 1,351,214 | 1,547,967 | 1,711,673 | 10.6% |
| Capital Outlay | 338,415 | 135,500 | 205,500 | 51.7% |
| Administrative Charge | 394,099 | 406,000 | 418,000 | 3.0% |
| Other Charges | 1,011,853 | 1,009,500 | 1,009,500 | 0.0% |
| Debt Service | 356,621 | 325,000 | 342,000 | 5.2% |
| Total | 5,640,196 | 5,808,098 | 6,197,244 | 6.7% |

Enterprise Funds - Water Facility Fund

| Water Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------|------------------|------------------|------------------|-------------|
| Finance | 894,080 | 710,521 | 811,200 | 14.2% |
| Public Works | 2,853,592 | 3,233,177 | 3,481,344 | 7.7% |
| Non-Departmental | 1,892,524 | 1,864,400 | 1,904,700 | 2.2% |
| Total | 5,640,196 | 5,808,098 | 6,197,244 | 6.7% |



* The rates shown above represent the usage charge per 1,000 gallons, assuming an average usage of 200 gallons per day. Rockville also charges a flat fee that is \$9.00 per quarter for most households (see table below).

The table below reflects the fixed monthly charge that is based on meter size. The charge is split evenly between water and sewer.

| Meter Size | Monthly | Quarterly |
|------------|----------|-----------|
| 5/8" | \$2.00 | \$6.00 |
| 3/4" | \$3.00 | \$9.00 |
| 1" | \$5.00 | \$15.00 |
| 1 1/2" | \$10.00 | \$30.00 |
| 2" | \$16.00 | \$48.00 |
| 3" | \$32.00 | \$96.00 |
| 4" | \$50.00 | \$150.00 |
| 6" | \$100.00 | \$300.00 |
| 8" | \$160.00 | \$480.00 |
| 10" | \$240.00 | \$720.00 |

Enterprise Funds - Sewer Fund

Sewer Fund

The Sewer Fund accounts for the financial activity associated with the collection and treatment of sewage. Charges are based on water consumption unless the customer uses a sub-meter. Nearly all of the capital costs in the Sewer Fund and a substantial portion of the operating costs are payments for the operation of and capital improvements to the Blue Plains Wastewater Treatment Plant. The 1998 Master Plan for the District of Columbia Water and Sewer Authority (DCWASA) included a significant increase in planned capital costs. The City's share of Blue Plains' capital improvements is proportionate to the City's allocation of treatment capacity. The Blue Plains Waste Water Treatment CIP project contains additional information regarding the City's capital costs for sewer treatment.

The Sewer Fund budget is based on the March 2006 Water and Sewer Rate Study recommendations. Revenue is based on a sewer consumption charge of \$3.82 per 1,000 gallons. In addition, the study recommended and this budget includes a ready-to-serve charge that is split equally between the Water and Sewer Funds. The amount of the charge is based on the size of the water meter and ranges from \$6.00 to \$720.00 per quarter. The study anticipates that the charges will assist the City in formally establishing reserve funds for operating and maintenance as well as repair, renewal, and rehabilitation of the water system.

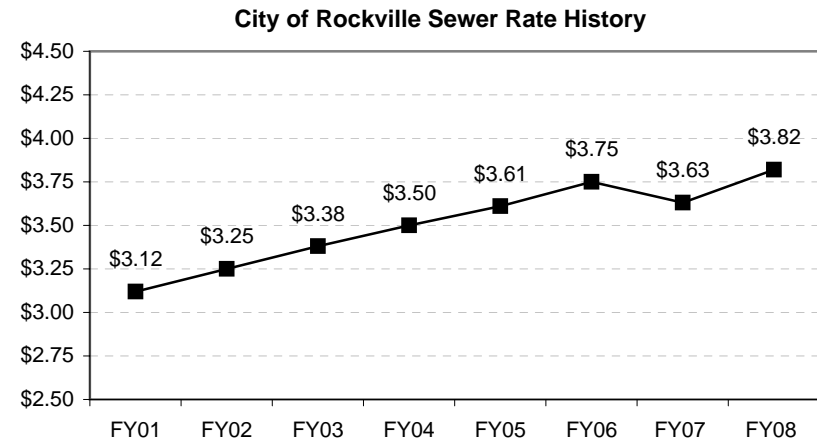
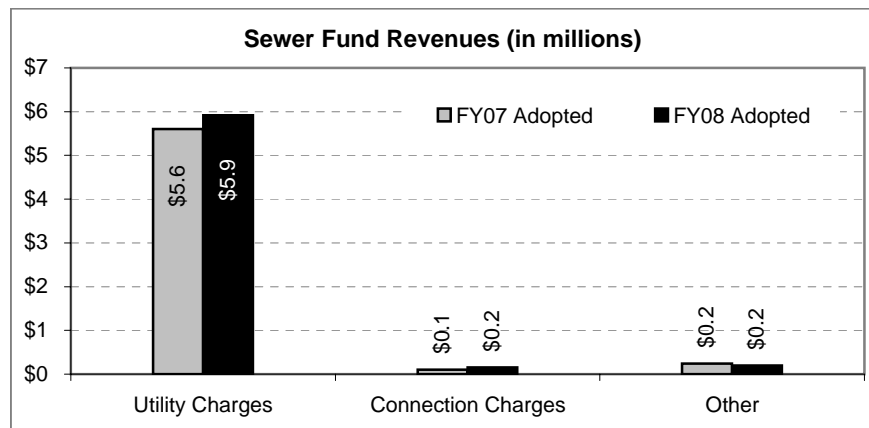
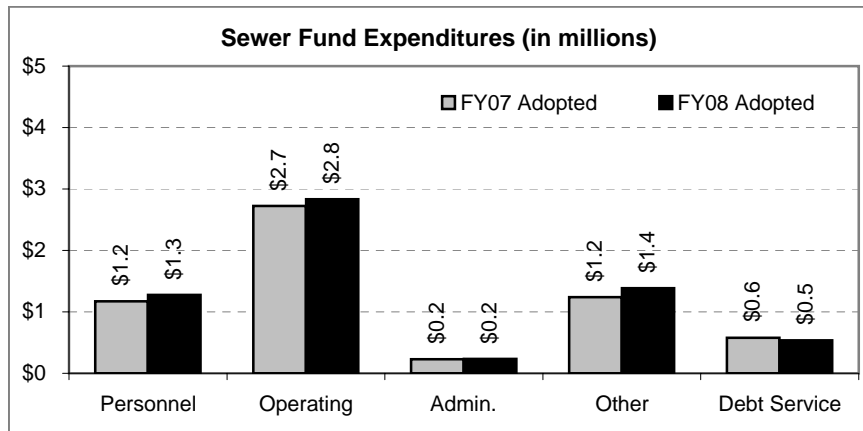
Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current sewer accounts is then multiplied by the estimated rates for the fund. The Sewer Fund is projecting operating sewer revenues for FY08 of \$5.96 million. Note that operating revenue is net of connection charges, interest income, and appropriated net assets.

| Sewer Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-----------------------|------------------|------------------|------------------|-------------|
| Utility Charges | 5,296,822 | 5,600,000 | 5,917,000 | 5.7% |
| Penalties | 38,852 | 45,000 | 45,000 | 0.0% |
| Connection Charges | 137,550 | 100,000 | 150,000 | 50.0% |
| Interest Income | 171,710 | 45,000 | 155,000 | 244.4% |
| Premium on Bonds Sold | 4,162 | - | - | N/A |
| Approp. Net Assets | - | 148,174 | - | -100.0% |
| Total | 5,649,096 | 5,938,174 | 6,267,000 | 5.5% |

| Sewer Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|------------------|------------------|------------------|-------------|
| Salaries | 764,307 | 838,175 | 907,276 | 8.2% |
| Benefits | 216,328 | 250,188 | 287,100 | 14.8% |
| Overtime | 71,045 | 81,228 | 81,236 | 0.0% |
| Personnel Subtotal | 1,051,680 | 1,169,591 | 1,275,612 | 9.1% |
| Contractual Services | 2,270,390 | 2,513,716 | 2,631,429 | 4.7% |
| Commodities | 102,656 | 210,867 | 199,727 | -5.3% |
| Operating Subtotal | 2,373,046 | 2,724,583 | 2,831,156 | 3.9% |
| Capital Outlays | - | - | - | N/A |
| Administrative Charge | 532,258 | 227,000 | 233,800 | 3.0% |
| Other / Transfers | 868,152 | 1,238,000 | 1,247,600 | 0.8% |
| Addition to Net Assets | - | - | 139,832 | N/A |
| Debt Service | 551,837 | 579,000 | 539,000 | -6.9% |
| Total | 5,376,973 | 5,938,174 | 6,267,000 | 5.5% |

Enterprise Funds - Sewer Fund

| Sewer Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------|------------------|------------------|------------------|-------------|
| Mayor and Council | - | 5,000 | 5,000 | 0.0% |
| Public Works | 3,383,185 | 3,800,274 | 4,011,368 | 5.6% |
| Non-Departmental | 1,993,788 | 2,132,900 | 2,250,632 | 5.5% |
| Total | 5,376,973 | 5,938,174 | 6,267,000 | 5.5% |



* The rates shown above represent the usage charge per 1,000 gallons, assuming an average usage of 200 gallons per day. Rockville also charges a flat fee that is \$9.00 per quarter for most households (see table below).

The table below reflects the fixed monthly charge that is based on meter size. The charge is split evenly between water and sewer.

| Meter Size | Monthly | Quarterly |
|------------|----------|-----------|
| 5/8" | \$2.00 | \$6.00 |
| 3/4" | \$3.00 | \$9.00 |
| 1" | \$5.00 | \$15.00 |
| 1 1/2" | \$10.00 | \$30.00 |
| 2" | \$16.00 | \$48.00 |
| 3" | \$32.00 | \$96.00 |
| 4" | \$50.00 | \$150.00 |
| 6" | \$100.00 | \$300.00 |
| 8" | \$160.00 | \$480.00 |
| 10" | \$240.00 | \$720.00 |

Enterprise Funds - Refuse Fund

Refuse Fund

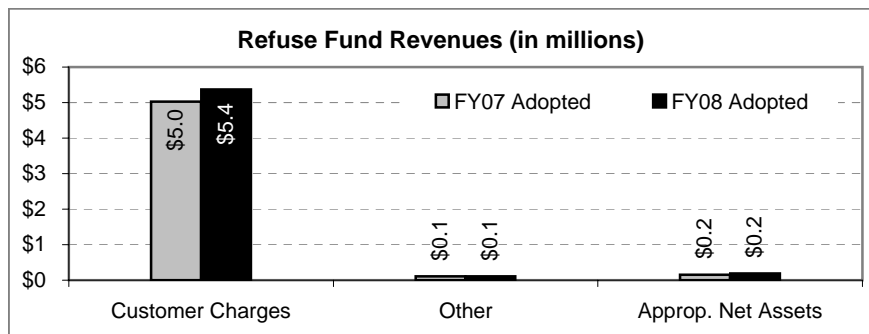
The Refuse Fund is used to account for all the financial activity associated with the collection and disposal of refuse, recycling, and yard waste. The refuse rate in the FY08 budget is \$32.70. Refuse rate increases will be needed in future years to accommodate cost increases and to achieve the appropriate level of resources.

The budget assumes the use of \$186,061 in net assets in the Refuse Fund as the result of operations. Generally, six-year cash flows are prepared to set refuse rates and to ensure that projected revenues can support operating and capital improvement expenses for the fund. For the FY08 refuse rates, a cash flow through 2020 was utilized. By using a longer projection period rates are lower than what they would be under the six-year cash flow.

Revenue projections for the fund are based upon the City's growth forecast regarding development planned for future years. The number of planned and current refuse accounts is multiplied by the estimated rates for the fund. The Refuse Fund is projecting operating refuse revenues for FY08 of \$5.4 million. Note that operating revenue is net of interest income, transfer from General Fund and appropriated net assets.

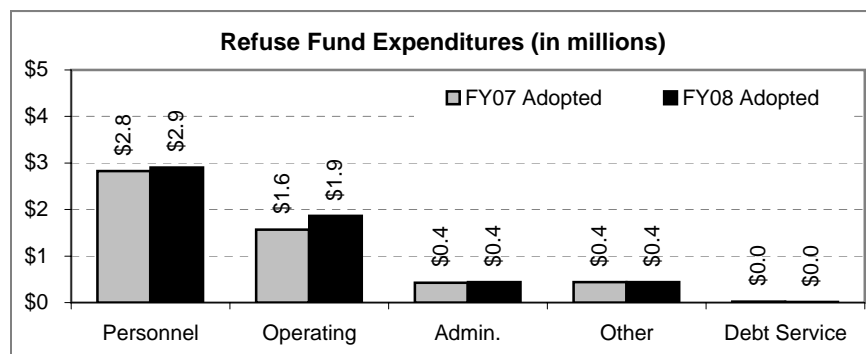
| Refuse Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|------------------|------------------|------------------|-------------|
| Customer Charges | 4,783,401 | 5,024,307 | 5,369,000 | 6.9% |
| Penalties | 42,643 | 41,000 | 41,000 | 0.0% |
| Interest Income | 18,101 | 4,500 | 5,000 | 11.1% |
| Transfer General Fund * | 58,443 | 60,000 | 60,000 | 0.0% |
| Premium on Bonds Sold | 53 | - | - | N/A |
| Approp. Net Assets | - | 153,317 | 186,061 | 21.4% |
| Total | 4,902,641 | 5,283,124 | 5,661,061 | 7.2% |

* Supports refuse pickup for Rockville Housing Enterprises (RHE) housing units.



| Refuse Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|------------------|------------------|------------------|--------------|
| Salaries | 1,842,829 | 2,033,107 | 2,064,600 | 1.5% |
| Benefits | 570,145 | 680,076 | 722,900 | 6.3% |
| Overtime | 91,437 | 112,280 | 112,238 | 0.0% |
| Personnel Subtotal | 2,504,411 | 2,825,463 | 2,899,738 | 2.6% |
| Contractual Services | 1,077,524 | 1,217,494 | 1,527,389 | 25.5% |
| Commodities | 331,032 | 353,567 | 336,834 | -4.7% |
| Operating Subtotal | 1,408,556 | 1,571,061 | 1,864,223 | 18.7% |
| Capital Outlays | 20,956 | - | - | N/A |
| Administrative Charge | 416,729 | 429,000 | 441,800 | 3.0% |
| Other / Transfers | 358,165 | 438,100 | 441,500 | 0.8% |
| Debt Service | 23,545 | 19,500 | 13,800 | -29.2% |
| Total | 4,732,362 | 5,283,124 | 5,661,061 | 7.2% |

| Refuse Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|------------------|------------------|------------------|-------------|
| Mayor and Council | - | 10,000 | 10,000 | 0.0% |
| Public Works | 3,846,597 | 4,254,624 | 4,621,661 | 8.6% |
| Non-Departmental | 885,765 | 1,018,500 | 1,029,400 | 1.1% |
| Total | 4,732,362 | 5,283,124 | 5,661,061 | 7.2% |

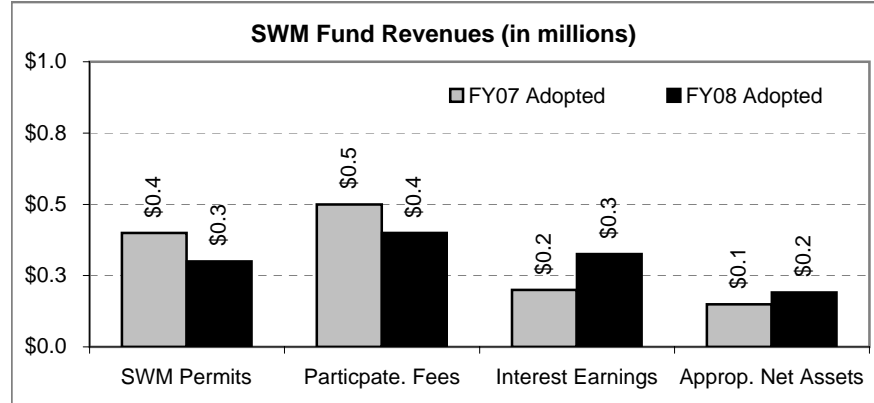


Enterprise Funds - Stormwater Management Fund

Stormwater Management Fund

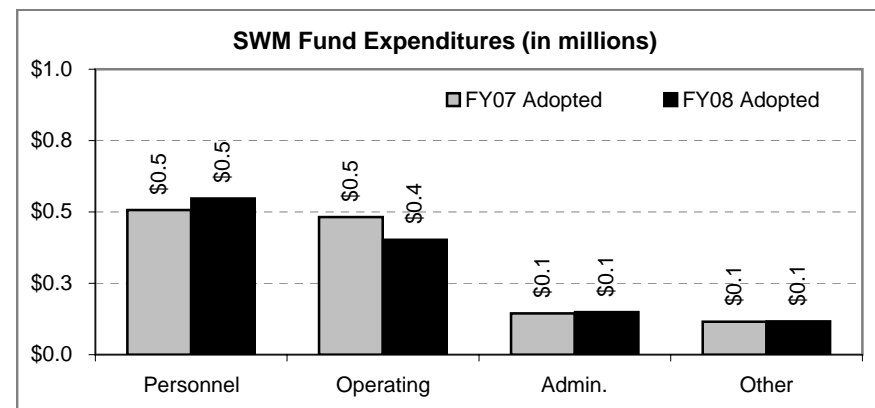
The Stormwater Management (SWM) Fund accounts for the costs of maintaining existing SWM facilities and constructing new facilities. In FY08, the operating budget assumes a reduction to net assets of \$190,433. Revenue estimates are based on projected development. A staff analysis indicates that an annual fee will need to be established by FY09 in order to provide ongoing support for SWM activities, particularly in light of changes to environmental requirements. The Mayor and Council were presented with this analysis in November of 2006 and they directed staff to begin the process for establishing this fee.

| SWM Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------------|------------------|------------------|------------------|--------------|
| SWM Permits | 319,446 | 400,000 | 300,000 | -25.0% |
| Regional SWM Participation Fees | 532,812 | 500,000 | 400,000 | -20.0% |
| Interest Earnings | 397,737 | 200,000 | 325,000 | 62.5% |
| Approp. Net Assets | - | 148,982 | 190,433 | 27.8% |
| Total | 1,249,995 | 1,248,982 | 1,215,433 | -2.7% |



| SWM Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|----------------|------------------|------------------|---------------|
| Salaries | 313,204 | 410,437 | 424,300 | 3.4% |
| Benefits | 84,172 | 96,325 | 122,500 | 27.2% |
| Overtime | - | - | - | N/A |
| Personnel Subtotal | 397,376 | 506,762 | 546,800 | 7.9% |
| Contractual Services | 309,416 | 477,900 | 396,293 | -17.1% |
| Commodities | 2,542 | 4,320 | 6,540 | 51.4% |
| Operating Subtotal | 311,958 | 482,220 | 402,833 | -16.5% |
| Capital Outlays | - | - | 1,500 | N/A |
| Administrative Charge | 141,160 | 145,000 | 149,300 | 3.0% |
| Other / Transfers | 128,018 | 115,000 | 115,000 | 0.0% |
| Addition to Net Assets | - | - | - | N/A |
| Total | 978,512 | 1,248,982 | 1,215,433 | -2.7% |

| SWM Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|------------------------|----------------|------------------|------------------|--------------|
| Mayor and Council | 3,378 | 15,000 | 15,000 | 0.0% |
| Public Works | 686,157 | 962,682 | 924,533 | -4.0% |
| Non-Departmental | 288,977 | 271,300 | 275,900 | 1.7% |
| Total | 978,512 | 1,248,982 | 1,215,433 | -2.7% |



Enterprise Funds - Parking Fund

Parking Fund

The Parking Fund was created to account for the revenue and expenses from parking related activities, including the issuance of parking tickets, the parking meter program, and costs associated with construction and operation of the three public parking garages in the City's Town Center.

In order to manage the operational costs, including debt service, of the three public garages within Town Square, the Town Center Parking District was formed. FY08 is the first full year of the Town Center Parking District operations for the three public garages. The District plays an important role in the entire City parking operation and it is unlikely that it will be self-supporting in its early years of operation. The Parking District will require significant sustained contributions from the General Fund to close the parking "revenue gap." The \$950,000 transfer from the General Fund for FY08 will enable the Parking Fund to cover the debt service on \$36 million of bonds issued to support the construction of the Town Center parking garages. Estimates of this revenue gap, once the operations of the garages are stabilized, will be between \$500,000 and \$800,000 annually for the thirty-year life of the bonds.

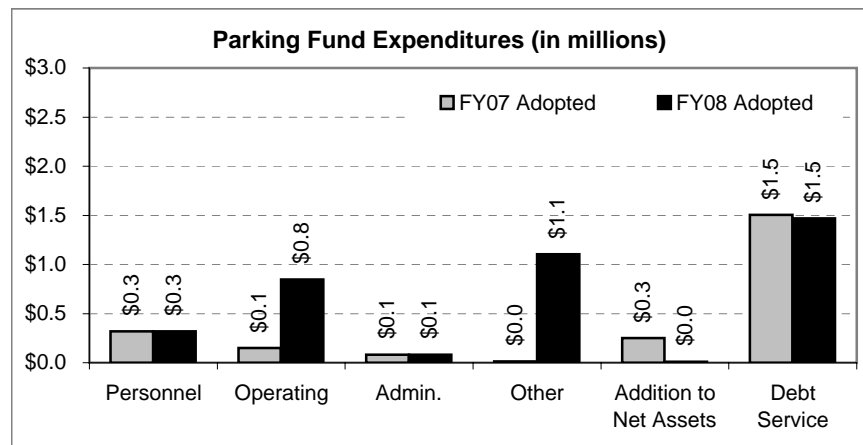
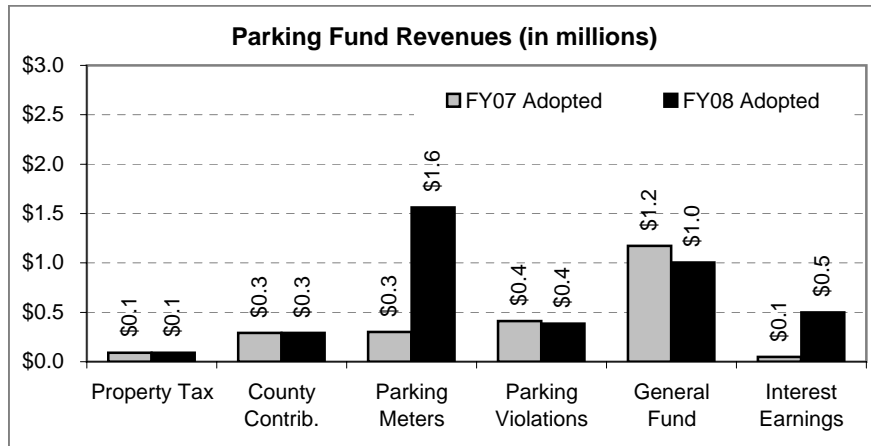
The Parking District Tax rate for FY08 will be \$0.30 per one hundred dollars of assessed value in addition to the \$0.302 rate on all real property within the City. This tax will provide a contribution of \$90,000 towards funding the District. Additional revenue includes \$110,000 PILOT payment and \$180,000 in capital contributions from Montgomery County, and \$53,000 PILOT payment from the City of Rockville. Revenue from meters and violations are based on an estimated number of parking violations, parking meter rates, and parking meter usage. A consultant provided the projected estimates for the meter and violation revenue for the Town Center garages.

| Parking Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-----------------------------------------|------------------|------------------|------------------|--------------|
| Real Property Tax | - | 90,000 | 90,000 | 0.0% |
| County Contribution | - | 290,000 | 290,000 | 0.0% |
| Parking Meters | 189,527 | 301,500 | 1,561,000 | 417.7% |
| Parking Violations | 384,171 | 410,000 | 386,000 | -5.9% |
| Transfer from General Fund (City PILOT) | - | 53,000 | 53,000 | 0.0% |
| From General Fund | 31,500 | 1,119,224 | 950,000 | -15.1% |
| Premium on Bonds Sold | 2,553 | - | - | N/A |
| Interest Earnings | 733,665 | 50,000 | 500,000 | 900.0% |
| Total | 1,341,416 | 2,313,724 | 3,830,000 | 65.5% |

| Parking Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|----------------|------------------|------------------|--------------|
| Salaries | 94,232 | 232,273 | 248,800 | 7.1% |
| Benefits | 22,096 | 87,366 | 71,900 | -17.7% |
| Overtime | 385 | - | - | N/A |
| Personnel Subtotal | 116,713 | 319,639 | 320,700 | 0.3% |
| Contractual Services | 2,512 | 110,406 | 686,061 | 521.4% |
| Commodities | 16,908 | 38,079 | 159,379 | 318.5% |
| Operating Subtotal | 19,420 | 148,485 | 845,440 | 469.4% |
| Capital Outlays | - | - | - | N/A |
| Administrative Charge | (67,351) | 80,000 | 82,400 | 3.0% |
| Other / Transfers | 11,312 | 12,100 | 1,104,100 | 9024.8% |
| Addition to Net Assets | - | 250,000 | 8,460 | -96.6% |
| Debt Service | 347,149 | 1,503,500 | 1,468,900 | -2.3% |
| Total | 427,243 | 2,313,724 | 3,830,000 | 65.5% |

| Parking Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------|----------------|------------------|------------------|--------------|
| CPDS | 39,537 | 136,919 | 798,780 | 483.4% |
| Police | 86,127 | 322,097 | 316,352 | -1.8% |
| Public Works | 3,309 | 3,508 | 3,508 | 0.0% |
| Recreation and Parks | - | - | 21,100 | N/A |
| Non-Departmental | 298,269 | 1,851,200 | 2,690,260 | 45.3% |
| Total | 427,243 | 2,313,724 | 3,830,000 | 65.5% |

Enterprise Funds - Parking Fund

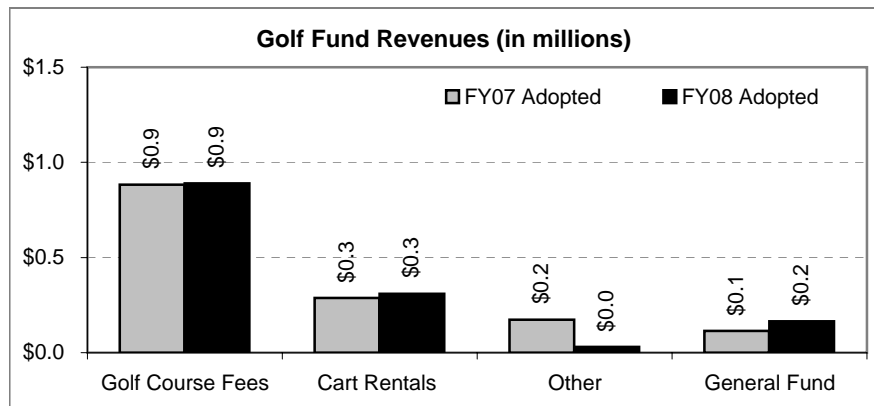


Enterprise Funds - RedGate Golf Course Fund

RedGate Golf Course

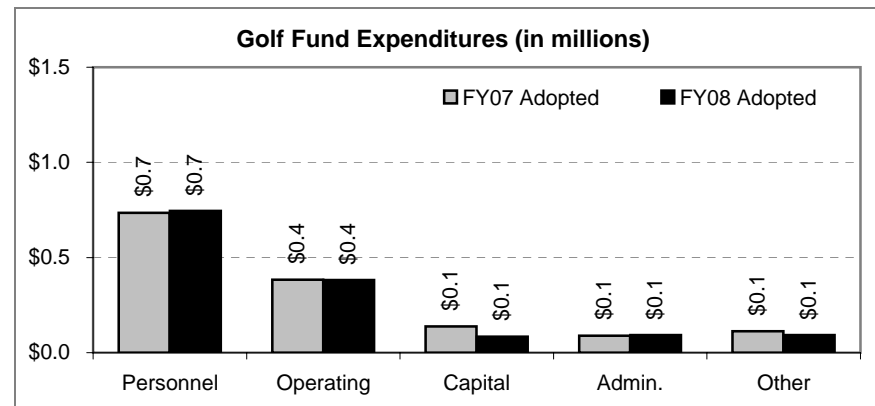
The RedGate Golf Course Fund is used to account for the financial activity associated with the City's public golf course. Revenue projections are based on the average fee per round of play multiplied by the total estimated rounds per fiscal year, and added to the estimated revenue from golf cart rentals. The RedGate Golf Course Fund is projecting Golf Course fee revenues for FY08 of \$1,219,173 net of the General Fund transfer. A study that analyzed the financial situation of the golf course was presented to the Mayor and Council in March 2006. To address the deficit in the Fund, the administrative charge was reduced by 50 percent starting in FY07, marketing efforts were intensified, and there are capital improvements currently being made to the course that are being funded by a transfer from the General Fund to the Golf Fund.

| Golf Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------|------------------|------------------|------------------|--------------|
| Golf Course Fees | 846,338 | 883,000 | 889,576 | 0.7% |
| Concessions | 13,156 | 12,500 | 13,910 | 11.3% |
| Cart Rentals | 217,988 | 288,000 | 309,832 | 7.6% |
| Pro Shop Rental | 4,250 | 4,200 | 4,250 | 1.2% |
| Driving Range Fee | 1,327 | 1,500 | 1,605 | 7.0% |
| Trans. from General Fund | - | 114,500 | 165,000 | 44.1% |
| Approp. Net Assets | - | 154,946 | 10,509 | -93.2% |
| Total | 1,083,059 | 1,458,646 | 1,394,682 | -4.4% |



| Golf Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|------------------|------------------|------------------|--------------|
| Salaries | 503,559 | 555,404 | 574,726 | 3.5% |
| Benefits | 120,739 | 152,884 | 143,200 | -6.3% |
| Overtime | 15,586 | 26,817 | 26,782 | -0.1% |
| Personnel Subtotal | 639,884 | 735,105 | 744,708 | 1.3% |
| Contractual Services | 85,628 | 149,425 | 153,267 | 2.6% |
| Commodities | 190,500 | 233,592 | 228,171 | -2.3% |
| Operating Subtotal | 276,128 | 383,017 | 381,438 | -0.4% |
| Capital Outlays | 22,015 | 138,424 | 83,736 | -39.5% |
| Administrative Charge | 173,380 | 89,500 | 92,200 | 3.0% |
| Other / Transfers | 71,237 | 100,100 | 80,100 | -20.0% |
| Debt Service | 10,106 | 12,500 | 12,500 | 0.0% |
| Total | 1,192,750 | 1,458,646 | 1,394,682 | -4.4% |

| Golf Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|------------------|------------------|------------------|--------------|
| Public Works | 8,400 | 70,129 | 13,450 | -80.8% |
| Recreation and Parks | 880,105 | 1,141,117 | 1,151,832 | 0.9% |
| Non-Departmental | 304,245 | 247,400 | 229,400 | -7.3% |
| Total | 1,192,750 | 1,458,646 | 1,394,682 | -4.4% |



Special Revenue Funds - Special Activities Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by legal and regulatory provisions to finance specific activities. Included in the special revenue funds are the Special Activities, Community Development Block Grant, Town Center Management District, and Speed Camera funds.

Special Activities Fund

The Special Activities Fund receives revenues from fundraising activities by such groups as the Rockville Seniors Inc, the Mansion Gift Shop Docents, and a variety of corporations and community service organizations. Other examples are funds raised for the annual Bike Ride for Rockville, donations from event sponsors, and the Holiday Drive.

New to the Special Activities Fund for FY08 are Transportation Demand Management (TDM) and Housing Opportunities. TDM funds transportation programs in the City. Funds that support TDM are contributed by the private sector and are based on square footage for commercial developments and multi-family housing units. Housing Opportunities funds housing initiatives as identified by the Mayor and Council, such as the acquisition of moderately priced dwelling units (MPDUs).

| Special Activities Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------|----------------|----------------|------------------|---------------|
| Mansion Rentals | 13,490 | 15,000 | 16,000 | 6.7% |
| Donations | 298,849 | 107,450 | 115,500 | 7.5% |
| Developer Contribution | - | - | 950,000 | N/A |
| Misc. Revenue | 17,198 | 6,690 | 7,850 | 17.3% |
| Approp. Net Assets | - | 322,556 | 646,960 | 100.6% |
| Total | 329,537 | 451,696 | 1,736,310 | 284.4% |

| Special Activities Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------------------|----------------|----------------|------------------|---------------|
| Salaries | - | 17,965 | 18,700 | 4.1% |
| Benefits | - | - | 4,608 | N/A |
| Overtime | - | 3,343 | - | -100.0% |
| Personnel Subtotal | - | 21,308 | 23,308 | 9.4% |
| Contractual Services | - | 7,000 | 7,000 | 0.0% |
| Commodities | 43,721 | 253,582 | 305,920 | 20.6% |
| Operating Subtotal | 43,721 | 260,582 | 312,920 | 20.1% |
| Capital Outlays | 19,685 | 16,948 | 971,173 | 5630.3% |
| Other / Transfers | 126,644 | 152,858 | 428,909 | 180.6% |
| Total | 190,050 | 451,696 | 1,736,310 | 284.4% |

| Special Activities Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------------------|----------------|----------------|------------------|---------------|
| Community Services | 50,040 | N/A | N/A | N/A |
| CPDS | - | - | 295,472 | N/A |
| Police | 2,055 | 4,090 | 1,000 | -75.6% |
| Public Works | - | - | 950,000 | N/A |
| Recreation and Parks | 137,955 | 447,606 | 489,838 | 9.4% |
| Total | 190,050 | 451,696 | 1,736,310 | 284.4% |

| Special Activities Fund by Program | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------------------|----------------|----------------|------------------|---------------|
| Bikeway Program | 3,447 | 63,808 | 54,465 | -14.6% |
| Croydon Creek Nature Center | 10,092 | 14,309 | 16,936 | 18.4% |
| "Every 15 Minutes" Prog. | 2,055 | 4,090 | 1,000 | -75.6% |
| Facilities and Equip. | 12,445 | 23,026 | 20,163 | -12.4% |
| Forest and Tree Preservation | 14,817 | 78,393 | 68,156 | -13.1% |
| Friends of the Arts | - | 114,748 | 189,508 | 65.2% |
| Glennview Mansion | 19,685 | 16,948 | 21,173 | 24.9% |
| Holiday Drive | 23,673 | 32,552 | 34,934 | 7.3% |
| Housing Opportunities * | - | - | 295,472 | N/A |
| Recreation | 72,690 | 76,766 | 52,585 | -31.5% |
| Rockville Individual Self Empowerment | 866 | 3,516 | - | -100.0% |
| Rockville Emergency Assistance Program | 25,500 | 14,720 | 24,068 | 63.5% |
| Senior Assistance | 4,780 | 8,820 | 7,850 | -11.0% |
| Transportation Demand Management * | - | - | 950,000 | N/A |
| Total | 190,050 | 451,696 | 1,736,310 | 284.4% |

* These programs transferred from the Capital Improvements Program to the Special Activities Fund from Adopted FY07 to Adopted FY08.

Special Revenue Funds - CDBG and Town Center Management

Community Development Block Grant Fund

The Community Development Block Grant (CDBG) Fund is a special revenue fund supported by a sub-grant of federal funds via Montgomery County. The annual budget for this fund consists of unexpended prior years' grants as well as the next year's anticipated grant and is based on the latest information available from Montgomery County.

| CDBG Fund Revenues * | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------|----------------|----------------|----------------|---------------|
| CDBG Block Grant | 294,481 | 380,000 | 304,000 | -20.0% |
| Prior Years' Approp. | N/A | 380,000 | 380,000 | 0.0% |
| Total | 294,481 | 760,000 | 684,000 | -10.0% |

| CDBG Fund Expenditures * | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------|----------------|----------------|----------------|---------------|
| Salaries | 53,017 | 70,000 | 66,000 | -5.7% |
| Benefits | - | - | - | N/A |
| Overtime | - | - | - | N/A |
| Personnel Subtotal | 53,017 | 70,000 | 66,000 | -5.7% |
| Contractual Services | 241,464 | 310,000 | 238,000 | -23.2% |
| Commodities | - | - | - | N/A |
| Operating Subtotal | 241,464 | 310,000 | 238,000 | -23.2% |
| Prior Year Expenditures | N/A | 380,000 | 380,000 | 0.0% |
| Total | 294,481 | 760,000 | 684,000 | -10.0% |

| CDBG Fund by Department * | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------|----------------|----------------|----------------|---------------|
| CPDS | 294,481 | 760,000 | 684,000 | -10.0% |
| Total | 294,481 | 760,000 | 684,000 | -10.0% |

* Actual FY06 represents one fiscal year, while Adopted FY07 and Adopted FY08 represent the current fiscal year plus the prior years' appropriations or expenditures.

Town Center Management District Fund

FY08 is the first year that two new taxing districts, the Town Square Street and Area Lighting District and the Town Square Commercial District, will support the maintenance and operational costs of the Town Center Management District.

The Town Square Street and Area Lighting District will levy a real property tax of \$0.048 per \$100 of assessed value on residential and commercial properties within the Town Square boundaries, and the Town Square Commercial District will levy a property tax of \$0.53 per \$100 of assessed value on commercial property within the Town Square boundaries. Staff anticipates that the total tax revenue from these two districts is sufficient to cover the total expenditures in the Town Center Management District budget for FY08.

| TCMD Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------|-------------|---------------|----------------|----------------|
| Real Property Tax | - | - | 721,098 | N/A |
| From General Fund | - | 52,736 | - | -100.0% |
| Total | - | 52,736 | 721,098 | 1267.4% |

| TCMD Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|------------------------|-------------|---------------|----------------|----------------|
| Salaries | - | 24,587 | - | -100.0% |
| Benefits | - | 6,207 | - | -100.0% |
| Overtime | - | - | - | N/A |
| Personnel Subtotal | - | 30,794 | - | -100.0% |
| Contractual Services | - | 21,942 | 721,098 | 3186.4% |
| Commodities | - | - | - | N/A |
| Operating Subtotal | - | 21,942 | 721,098 | 3186.4% |
| Capital Outlays | - | - | - | N/A |
| Total | - | 52,736 | 721,098 | 1267.4% |

| TCMD Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|-------------------------|-------------|---------------|----------------|----------------|
| CPDS | - | 52,736 | 721,098 | 1267.4% |
| Total | - | 52,736 | 721,098 | 1267.4% |

Special Revenue Funds - Speed Camera Fund

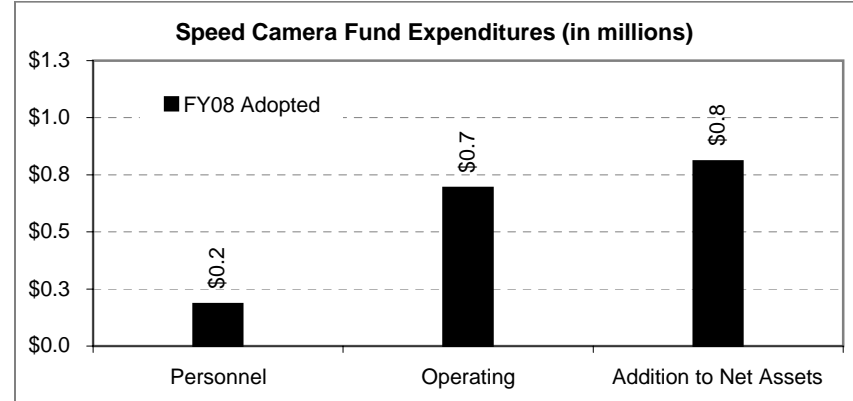
Speed Camera Fund

The Speed Camera Fund is a new special revenue fund that was created in late FY07 to track financial transactions associated with the City's speed camera program. This program, which is designed to save lives by getting drivers to slow down on residential streets, will have a significant financial impact on City finances. Though program revenue is not available for general City operations, it will be available to supplement transportation safety programs. Since State law restricts the use of program revenue, the City created this special revenue fund to track revenues and expenditures of the program.

| Speed Camera Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------|-------------|--------------|------------------|------------|
| Speed Camera Citations | N/A | N/A | 1,684,200 | N/A |
| Total | N/A | N/A | 1,684,200 | N/A |

| Speed Camera Fund Expenditures | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------------|-------------|--------------|------------------|------------|
| Salaries | N/A | N/A | 141,600 | N/A |
| Benefits | N/A | N/A | 41,500 | N/A |
| Overtime | N/A | N/A | - | N/A |
| Personnel Subtotal | N/A | N/A | 183,100 | N/A |
| Contractual Services | N/A | N/A | 689,012 | N/A |
| Commodities | N/A | N/A | 3,300 | N/A |
| Operating Subtotal | N/A | N/A | 692,312 | N/A |
| Capital Outlays | N/A | N/A | - | N/A |
| Administrative Charge | N/A | N/A | - | N/A |
| Other / Transfers | N/A | N/A | - | N/A |
| Addition to Net Assets | N/A | N/A | 808,788 | N/A |
| Debt Service | N/A | N/A | - | N/A |
| Total | N/A | N/A | 1,684,200 | N/A |

| Speed Camera Fund by Department | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------------|-------------|--------------|------------------|------------|
| Police | N/A | N/A | 872,412 | N/A |
| Public Works | N/A | N/A | 3,000 | N/A |
| Non-Departmental | N/A | N/A | 808,788 | N/A |
| Total | N/A | N/A | 1,684,200 | N/A |



Debt Service Fund

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The fund includes expenditures for the payment of principal and interest due and service charges on debt, other than that supported by enterprise fund revenue. Applicable charts within the budget document present the Debt Service Fund separately after a subtotal has been reached. This is due to the fact that the Debt Service Fund represents the budgeting of transfers from other funds so that there is essentially a double-budgeting effect when the Debt Service Fund records the same expenditure.

| Debt Service Fund Revenues | Actual FY06 | Adopted FY07 | Adopted FY08 | % Change |
|----------------------------|------------------|------------------|------------------|--------------|
| Interest Earnings | 344,398 | 250,000 | 330,000 | 32.0% |
| Assessments | 258,895 | 210,000 | 210,000 | 0.0% |
| Trans. from General Fund | 5,383,112 | 5,650,800 | 4,905,892 | -13.2% |
| Premium on Bonds Sold | 35,764 | - | - | N/A |
| Approp. Fund Balance | - | - | 65,000 | N/A |
| Total | 6,022,169 | 6,110,800 | 5,510,892 | -9.8% |

| Debt Service Fund Expenditures | Actual FY06 * | Adopted FY07 | Adopted FY08 | % Change |
|--------------------------------|-------------------|------------------|------------------|--------------|
| Principal | 16,528,272 | 4,106,000 | 4,033,922 | -1.8% |
| Interest | 1,701,099 | 1,546,000 | 1,411,970 | -8.7% |
| Other Charges | 43,816 | 65,000 | 65,000 | 0.0% |
| Add. to Fund Balance | - | 393,800 | - | -100.0% |
| Total | 18,273,187 | 6,110,800 | 5,510,892 | -9.8% |

| Debt Service Fund by Department | Actual FY06 * | Adopted FY07 | Adopted FY08 | % Change |
|---------------------------------|-------------------|------------------|------------------|--------------|
| Non-Departmental | 18,273,187 | 6,110,800 | 5,510,892 | -9.8% |
| Total | 18,273,187 | 6,110,800 | 5,510,892 | -9.8% |

* In FY06 the City paid off \$12.4 million in short term debt that was used to help fund the Town Center project. Funds were received from developer contributions associated with Town Center to support the repayment.

Long-Term Debt Summary

The following is a list of the notes / bonds included in the City's long-term debt:

| General Long-Term Debt | Year | Outstanding Principal | Interest Rate Range | Final Maturity |
|--------------------------------|------|-----------------------|---------------------|----------------|
| General Improvements | 1998 | 880,000 | 3.50-4.30% | 2013 |
| General Improvements | 2002 | 1,858,427 | 4.00-4.65% | 2021 |
| General Improvements | 2003 | 8,107,196 | 2.00-3.85% | 2023 |
| General Improvements Refunding | 2003 | 3,709,228 | 2.00-3.00% | 2013 |
| General Improvements | 2004 | 9,690,000 | 4.00-5.00% | 2029 |
| Loan Payable | 2005 | 431,186 | 2.00% | 2012 |
| General Improvements | 2005 | 13,130,000 | 3.50-6.00% | 2025 |
| Total | | 37,806,037 | | |

| Enterprise Funds Long-Term Debt | Year | Outstanding Principal | Interest Rate Range | Final Maturity |
|---------------------------------|------|-----------------------|---------------------|----------------|
| General Improvements | 1999 | 1,881,947 | 3.21% | 2019 |
| General Improvements | 2000 | 1,446,943 | 3.64% | 2020 |
| General Improvements | 2002 | 2,767,554 | 1.90% | 2023 |
| General Improvements | 2002 | 2,411,573 | 4.00-4.65% | 2021 |
| General Improvements | 2003 | 2,607,804 | 2.00-3.88% | 2023 |
| General Improvements | 2003 | 1,515,773 | 2.00-3.00% | 2013 |
| General Improvements | 2004 | 7,015,000 | 4.00-5.00% | 2029 |
| General Improvements | 2005 | 1,186,409 | 0.00% | 2025 |
| General Improvements | 2005 | 40,105,000 | 3.50-6.00% | 2036 |
| Total | | 60,938,003 | | |

The City anticipates that all amounts required for payment of interest and principal on business-type activities debt will be provided from the respective fund's revenues, which are secured by the full faith and credit and taxing power of the City.

Debt Service Fund

General Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|-------------------|-------------------|-------------------|
| 2008 | 4,033,922 | 1,411,970 | 5,445,892 |
| 2009 | 2,942,981 | 1,297,448 | 4,240,429 |
| 2010 | 2,939,031 | 1,190,477 | 4,129,508 |
| 2011 | 2,487,298 | 1,093,786 | 3,581,084 |
| 2012 | 2,462,120 | 1,009,220 | 3,471,340 |
| 2013 | 2,222,536 | 923,926 | 3,146,462 |
| 2014 | 1,905,061 | 840,955 | 2,746,016 |
| 2015 | 1,905,061 | 769,406 | 2,674,467 |
| 2016 | 1,905,061 | 699,854 | 2,604,915 |
| 2017 | 1,905,061 | 623,611 | 2,528,672 |
| 2018 | 1,905,061 | 546,322 | 2,451,383 |
| 2019 | 1,905,061 | 469,629 | 2,374,690 |
| 2020 | 1,905,061 | 392,362 | 2,297,423 |
| 2021 | 1,905,140 | 313,955 | 2,219,095 |
| 2022 | 1,765,678 | 234,580 | 2,000,258 |
| 2023 | 1,761,903 | 160,975 | 1,922,878 |
| 2024 | 1,260,000 | 85,425 | 1,345,425 |
| 2025 | 690,000 | 28,463 | 718,463 |
| Total | 37,806,036 | 12,092,364 | 49,898,400 |

Water Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2008 | 958,477 | 341,895 | 1,300,372 |
| 2009 | 794,615 | 316,526 | 1,111,141 |
| 2010 | 798,287 | 293,476 | 1,091,763 |
| 2011 | 715,813 | 272,487 | 988,300 |
| 2012 | 720,975 | 252,566 | 973,541 |
| 2013 | 701,508 | 232,457 | 933,965 |
| 2014 | 683,781 | 212,110 | 895,891 |
| 2015 | 696,235 | 192,456 | 888,691 |
| 2016 | 709,065 | 173,327 | 882,392 |
| 2017 | 681,102 | 146,664 | 827,766 |
| 2018 | 598,349 | 115,356 | 713,705 |
| 2019 | 609,848 | 96,853 | 706,701 |
| 2020 | 376,896 | 68,307 | 445,203 |
| 2021 | 236,546 | 48,487 | 285,033 |
| 2022 | 237,497 | 40,535 | 278,032 |
| 2023 | 238,210 | 32,566 | 270,776 |
| 2024 | 175,000 | 14,438 | 189,438 |
| 2025 | 175,000 | 7,219 | 182,219 |
| Total | 10,107,204 | 2,857,725 | 12,964,929 |

Sewer Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|-------------------|------------------|-------------------|
| 2008 | 1,028,595 | 538,672 | 1,567,267 |
| 2009 | 928,825 | 506,747 | 1,435,572 |
| 2010 | 926,554 | 470,874 | 1,397,428 |
| 2011 | 873,565 | 439,294 | 1,312,859 |
| 2012 | 866,752 | 408,673 | 1,275,425 |
| 2013 | 832,687 | 377,808 | 1,210,495 |
| 2014 | 800,135 | 345,921 | 1,146,056 |
| 2015 | 800,136 | 314,800 | 1,114,936 |
| 2016 | 800,136 | 284,906 | 1,085,042 |
| 2017 | 800,136 | 251,868 | 1,052,004 |
| 2018 | 795,135 | 218,553 | 1,013,688 |
| 2019 | 795,136 | 185,967 | 981,103 |
| 2020 | 795,135 | 153,156 | 948,291 |
| 2021 | 795,370 | 119,985 | 915,355 |
| 2022 | 619,518 | 86,575 | 706,093 |
| 2023 | 618,478 | 61,129 | 679,607 |
| 2024 | 480,000 | 35,213 | 515,213 |
| 2025 | 345,000 | 14,231 | 359,231 |
| Total | 13,901,293 | 4,814,372 | 18,715,665 |

Refuse Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|----------------|---------------|----------------|
| 2008 | 186,337 | 13,768 | 200,105 |
| 2009 | 30,000 | 8,320 | 38,320 |
| 2010 | 30,000 | 6,400 | 36,400 |
| 2011 | 30,000 | 5,300 | 35,300 |
| 2012 | 30,000 | 4,200 | 34,200 |
| 2013 | 30,000 | 3,100 | 33,100 |
| 2014 | 30,000 | 1,900 | 31,900 |
| 2015 | 20,000 | 700 | 20,700 |
| Total | 386,337 | 43,688 | 430,025 |

Debt Service Fund

Parking Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|-------------------|-------------------|-------------------|
| 2008 | 650,000 | 1,468,887 | 2,118,887 |
| 2009 | 675,000 | 1,445,461 | 2,120,461 |
| 2010 | 710,000 | 1,413,061 | 2,123,061 |
| 2011 | 735,000 | 1,387,511 | 2,122,511 |
| 2012 | 760,000 | 1,361,061 | 2,121,061 |
| 2013 | 785,000 | 1,333,711 | 2,118,711 |
| 2014 | 820,000 | 1,302,312 | 2,122,312 |
| 2015 | 850,000 | 1,269,512 | 2,119,512 |
| 2016 | 885,000 | 1,238,699 | 2,123,699 |
| 2017 | 920,000 | 1,201,086 | 2,121,086 |
| 2018 | 960,000 | 1,161,894 | 2,121,894 |
| 2019 | 1,000,000 | 1,122,714 | 2,122,714 |
| 2020 | 1,040,000 | 1,081,894 | 2,121,894 |
| 2021 | 1,080,000 | 1,039,244 | 2,119,244 |
| 2022 | 1,125,000 | 994,669 | 2,119,669 |
| 2023 | 1,175,000 | 948,059 | 2,123,059 |
| 2024 | 1,220,000 | 898,609 | 2,118,609 |
| 2025 | 1,275,000 | 846,053 | 2,121,053 |
| 2026 | 1,330,000 | 791,140 | 2,121,140 |
| 2027 | 1,390,000 | 733,040 | 2,123,040 |
| 2028 | 1,450,000 | 672,300 | 2,122,300 |
| 2029 | 1,515,000 | 608,350 | 2,123,350 |
| 2030 | 1,580,000 | 541,525 | 2,121,525 |
| 2031 | 1,645,000 | 474,375 | 2,119,375 |
| 2032 | 1,715,000 | 404,463 | 2,119,463 |
| 2033 | 1,790,000 | 331,575 | 2,121,575 |
| 2034 | 1,865,000 | 255,500 | 2,120,500 |
| 2035 | 1,945,000 | 173,906 | 2,118,906 |
| 2036 | 2,030,000 | 88,813 | 2,118,813 |
| Total | 34,920,000 | 26,589,424 | 61,509,424 |

Golf Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|----------------|----------------|----------------|
| 2008 | 5,945 | 12,246 | 18,191 |
| 2009 | 24,804 | 12,116 | 36,920 |
| 2010 | 24,803 | 11,526 | 36,329 |
| 2011 | 24,803 | 10,869 | 35,672 |
| 2012 | 24,803 | 10,162 | 34,965 |
| 2013 | 24,804 | 9,418 | 34,222 |
| 2014 | 24,803 | 8,674 | 33,477 |
| 2015 | 24,803 | 7,930 | 32,733 |
| 2016 | 24,803 | 7,156 | 31,959 |
| 2017 | 24,804 | 6,349 | 31,153 |
| 2018 | 24,803 | 5,505 | 30,308 |
| 2019 | 24,803 | 4,637 | 29,440 |
| 2020 | 24,803 | 3,744 | 28,547 |
| 2021 | 24,804 | 2,827 | 27,631 |
| 2022 | 24,803 | 1,896 | 26,699 |
| 2023 | 24,618 | 954 | 25,572 |
| Total | 377,809 | 116,009 | 493,818 |

SWM Fund Long-Term Debt Detail

| | Principal | Interest | Total |
|--------------|------------------|----------|------------------|
| 2008 | 72,663 | - | 72,663 |
| 2009 | 72,663 | - | 72,663 |
| 2010 | 72,663 | - | 72,663 |
| 2011 | 72,663 | - | 72,663 |
| 2012 | 72,663 | - | 72,663 |
| 2013 | 72,663 | - | 72,663 |
| 2014 | 72,663 | - | 72,663 |
| 2015 | 72,663 | - | 72,663 |
| 2016 | 72,663 | - | 72,663 |
| 2017 | 72,663 | - | 72,663 |
| 2018 | 72,663 | - | 72,663 |
| 2019 | 72,663 | - | 72,663 |
| 2020 | 72,663 | - | 72,663 |
| 2021 | 72,663 | - | 72,663 |
| 2022 | 72,663 | - | 72,663 |
| 2023 | 72,664 | - | 72,664 |
| 2024 | 72,664 | - | 72,664 |
| 2025 | 72,664 | - | 72,664 |
| Total | 1,307,937 | - | 1,307,937 |

Statement of Projected Unreserved Equity in City Funds

This schedule depicts the anticipated beginning and ending unreserved fund balance (or, in the case of an enterprise fund, working capital as defined as unrestricted net assets) for each of the City's funds. Unreserved fund balance is the accumulated total of all prior years' actual revenues in excess of expenditures, commonly referred to as "surplus." These amounts are not invested in capital assets nor have they been committed or "reserved" for encumbrances, self-insurance, or other purposes.

It is important to maintain a fund balance to ensure that City operations are not unduly affected by large, unexpected increases in expenditures or reductions in revenues. For example, a sustained economic slowdown could result in stagnant property and income tax receipts that would necessitate the use of fund balances. Furthermore, healthy fund balances allow the City to maintain high bond ratings, which reduces the cost of borrowing.

| Fund | Proj. Fund Balance / Working Capital 6/30/07 | Plus Proj. FY08 Revenue | Less Proj. FY08 Expenditure | Proj. Fund Balance / Working Capital 6/30/08 |
|-------------------|----------------------------------------------|-------------------------|-----------------------------|----------------------------------------------|
| General | 10,600,135 | 58,906,905 | 58,906,905 | 10,600,135 |
| Water * | 1,164,021 | 4,925,000 | 6,197,244 | (108,223) |
| Sewer * | 5,974,700 | 6,267,000 | 6,127,168 | 6,114,532 |
| Refuse ** | 605,237 | 5,475,000 | 5,661,061 | 419,176 |
| Parking | 10,569,782 | 3,830,000 | 3,821,540 | 10,578,242 |
| Stormwater Mgmt. | 9,686,086 | 1,025,000 | 1,215,433 | 9,495,653 |
| RedGate Golf *** | (897,503) | 1,384,173 | 1,394,682 | (908,012) |
| Special Act. **** | 646,960 | 1,089,350 | 1,736,310 | - |
| CDBG | - | 684,000 | 684,000 | - |
| Town Center Mgmt. | - | 721,098 | 721,098 | - |
| Speed Camera | - | 1,684,200 | 875,412 | 808,788 |
| Debt Service | 4,463,736 | 5,445,892 | 5,510,892 | 4,398,736 |
| Total | 42,813,154 | 91,437,618 | 92,851,745 | 41,399,027 |

Notes:

* During FY06, these funds were analyzed and multi-year strategies were developed to ensure increasing net assets in future years. The Water and Sewer Rate Study recommendations that were adopted by the Mayor and Council included a flat fee to be charged to each account each billing cycle; an increase in various one-time charges for special services; and the establishment of a multi-year schedule of rate increases.

** The City is in the process of evaluating the current program to see if savings would result from a change to semi-automated from manual collection.

*** For the RedGate Golf Course Fund, the Mayor and Council adopted recommendations that would reduce the administrative charge it transfers to the General Fund starting in FY07 and increase revenues by enhancing marketing efforts.

**** The purpose of the Special Activities Fund is to segregate funds that are subject to legal restriction on their use. It is not the City's policy to maintain a balance in this fund.





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